

House Study Bill 147 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED ECONOMIC
DEVELOPMENT AUTHORITY BILL)

A BILL FOR

1 An Act establishing the major economic growth attraction
2 program to be administered by the economic development
3 authority, and providing penalties.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 9I.3, subsection 3, Code 2023, is amended
2 by adding the following new paragraph:

3 NEW PARAGRAPH. *f.* (1) An interest in agricultural land
4 acquired by a foreign business for an immediate use other than
5 farming if all of the following requirements are met:

6 (a) The foreign business qualifies as an eligible business
7 pursuant to section 15.283.

8 (b) The foreign business is incorporated under the laws of
9 a foreign country that is an allied country and the foreign
10 business is wholly owned directly or indirectly by nonresident
11 aliens of an allied country, or is a business entity, whether
12 or not incorporated, which is wholly owned directly or
13 indirectly by nonresident aliens of an allied country. As part
14 of the foreign business's application under section 15.284,
15 the foreign business provides documentation to the authority,
16 as deemed necessary by the authority, to establish that the
17 foreign business is incorporated under the laws of a foreign
18 country that is an allied country and the foreign business is
19 wholly owned directly or indirectly by nonresident aliens of
20 an allied country; or is a business entity, whether or not
21 incorporated, which is wholly owned directly or indirectly by
22 nonresident aliens of an allied country.

23 (c) The agricultural land is a mega site, or included in a
24 mega site.

25 (d) The foreign business is not actively engaged in farming.

26 (e) The board authorizes the acquisition of the
27 agricultural land under the MEGA program administered by the
28 economic development authority pursuant to sections 15.281
29 through 15.289.

30 (2) As used in this paragraph:

31 (a) "*Actively engaged in farming*" means the same as defined
32 in section 15.282.

33 (b) "*Allied country*" means the same as defined in 10 U.S.C.
34 §2350f(d)(1).

35 (c) "*Authority*" means the economic development authority.

1 (d) "*Board*" means the members of the authority appointed by
2 the governor and in whom the powers of the authority are vested
3 pursuant to section 15.105.

4 (e) "*Certified site*" means a site that has been issued a
5 certificate of readiness by the authority pursuant to section
6 15E.18.

7 (f) "*Mega site*" means the same as defined in section 15.282.

8 Sec. 2. NEW SECTION. 15.281 **Short title.**

9 This part shall be known and may be cited as the "*Major*
10 *Economic Growth Attraction Program*" or "*MEGA Program*".

11 Sec. 3. NEW SECTION. 15.282 **Definitions.**

12 As used in this part, unless the context otherwise requires:

13 1. "*Actively engaged in farming*" means any of the following:

14 a. Performing physical work which significantly contributes
15 to crop or livestock production.

16 b. Regularly and frequently making or taking an important
17 part in making management decisions substantially contributing
18 to or affecting the success of a farm's operations.

19 2. "*Base employment level*" means the number of full-time
20 equivalent positions at a business, as established by the
21 authority and the business using the business's payroll
22 records, as of the date the business applies for tax incentives
23 under the program.

24 3. "*Benefit*" means nonwage compensation provided to an
25 employee. "*Benefits*" include medical and dental insurance, a
26 pension, a retirement plan, a profit-sharing plan, child care,
27 life insurance, vision insurance, and disability insurance.

28 4. "*Certified site*" means a site that has been issued a
29 certificate of readiness by the authority pursuant to section
30 15E.18.

31 5. "*Community*" means a city, county, or entity established
32 pursuant to chapter 28E.

33 6. "*Contract completion*" means the date of completion of
34 the terms of a contract between a contractor and an eligible
35 business.

1 7. "*Contractor*" means a person that has executed a contract
2 with an eligible business for the provision of property,
3 materials, or services for the construction or equipping of a
4 facility that is part of the eligible business's project.

5 8. "*Created jobs*" or "*create jobs*" means new, permanent,
6 full-time equivalent positions added to an eligible business's
7 payroll in excess of the eligible business's base employment
8 level.

9 9. "*Data center business*" means the same as defined in
10 section 423.3, subsection 95.

11 10. "*Eligible business*" means a business that meets the
12 requirements of section 15.283.

13 11. "*Foreign business*" means the same as defined in section
14 9I.1.

15 12. "*Full-time equivalent position*" means a non-part-time
16 position for the number of hours or days per week considered
17 to be full-time work for the kind of service or work performed
18 for an employer. Typically, a "*full-time equivalent position*"
19 requires two thousand eighty hours of work in a calendar year,
20 including all paid holidays, vacations, sick time, and other
21 paid leave.

22 13. "*Maintenance period*" means the period of time between
23 the project completion date and the maintenance period
24 completion date during which an eligible business must maintain
25 all created jobs per the agreement under section 15.285.

26 14. "*Maintenance period completion date*" means the date on
27 which the maintenance period ends.

28 15. "*Mega site*" means a certified site greater than one
29 thousand acres.

30 16. "*Program*" means the major economic growth attraction
31 program.

32 17. "*Project*" means an activity or set of activities
33 directly related to the start-up or location of an eligible
34 business, proposed in an eligible business's application to the
35 program, that will accomplish the goals of the program.

1 18. "*Project completion date*" means the date by which
2 an eligible business that has been issued a tax incentive
3 certificate by the authority under the program agrees to
4 complete the terms and conditions of the agreement under
5 section 15.285.

6 19. "*Project completion period*" means the period of
7 time between the date the authority issues a tax incentive
8 certificate to an eligible business and the project completion
9 date.

10 20. "*Qualifying investment*" means a capital investment
11 in real property located on a certified site, including the
12 purchase price of the land, site preparation, infrastructure,
13 and building construction. "*Qualifying investment*" also means a
14 capital investment in depreciable assets.

15 21. "*Qualifying wage threshold*" means the wage level
16 represented by the wages within two standard deviations of
17 the mean wage within the laborshed area in which the eligible
18 business is located, as calculated by the authority by rule,
19 using the most current covered wage and employment data
20 available from the department of workforce development for the
21 laborshed area in which the eligible business is located.

22 22. "*Subcontractor*" means a person that contracts with
23 a contractor for the provision of property, materials, or
24 services for the construction or equipping of a facility that
25 is part of an eligible business's project.

26 23. "*Tax incentives*" means tax credits, tax refunds, or tax
27 exemptions authorized under the program by the authority for an
28 eligible business.

29 Sec. 4. NEW SECTION. 15.283 **Eligible business.**

30 1. To be eligible to receive tax incentives under
31 the program, a business must meet all of the following
32 requirements:

33 a. The business's proposed project must be located on a
34 certified site greater than two hundred fifty acres that the
35 authority has determined is suitable for the project.

1 *b.* The business's qualifying investment in the proposed
2 project must exceed one billion dollars.

3 *c.* The community in which the proposed project is located
4 must approve the project either by ordinance or resolution.

5 *d.* (1) The business must be primarily engaged in advanced
6 manufacturing, biosciences, or research and development.
7 The business shall not be a data center business, a retail
8 business, or a business where a cover charge or membership
9 requirement restricts certain individuals from entering the
10 business.

11 (2) Factors the authority shall consider to determine if
12 a business is primarily engaged in advanced manufacturing,
13 biosciences, or research and development shall include but are
14 not limited to all of the following:

15 (a) The business's North American industry classification
16 system code.

17 (b) The business's main sources of revenue.

18 (c) The business's customer base.

19 *e.* (1) The business must not be solely relocating
20 operations from one area of the state to another area of
21 the state. A proposed project that does not create jobs or
22 involve a substantial amount of new capital investment shall
23 be presumed to be a relocation of operations. For purposes of
24 this subparagraph, the authority shall consider a letter from
25 the affected local community's government officials supporting
26 the business's move away from the affected local community
27 in making a determination whether the business is solely
28 relocating operations.

29 (2) This paragraph shall not be construed to prohibit
30 a business from expanding the business's operations in a
31 community if the business has similar operations in this state
32 that are not closing or undergoing a substantial reduction in
33 operations.

34 *f.* The business must create jobs as part of the business's
35 proposed project. The business must demonstrate that the

1 created jobs will pay at least one hundred forty percent of the
2 qualifying wage threshold by the project completion date, and
3 through the maintenance period completion date.

4 *g.* The business must provide comprehensive benefits to
5 each employee employed in a created job. The authority may
6 adopt rules under chapter 17A to determine the requirements for
7 comprehensive benefits.

8 *h.* (1) The business must not have a record of violations
9 of the law or of regulations, including but not limited to
10 antitrust, environmental, trade, or worker safety, that over
11 a period of time show a consistent pattern or that establish
12 the business's intentional, criminal, or reckless conduct in
13 violation of such laws or regulations.

14 (2) If the authority determines that the business has a
15 record of violations described in subparagraph (1), and the
16 authority finds that the violations did not seriously affect
17 public health, public safety, or the environment, the business
18 may be eligible to qualify for tax incentives under the
19 program.

20 (3) If the authority determines that the business has
21 a record of violations described in subparagraph (1), and
22 the authority finds that there were mitigating circumstances
23 related to the violations, the business may be eligible to
24 qualify for tax incentives under the program.

25 (4) In making determinations and findings under
26 subparagraphs (2) and (3), and making a determination whether a
27 business is disqualified from the program, the authority shall
28 be exempt from chapter 17A.

29 2. *a.* In determining if a business is eligible to
30 participate in the program, the authority shall consider a
31 variety of factors, including but not limited to all of the
32 following:

33 (1) The quality of the business's proposed project's
34 created jobs. The authority shall place greater emphasis on
35 created jobs that are high wage, low turnover, that provide

1 comprehensive benefits, and that expose employees to minimal
2 occupational hazards. A business that pays wages substantially
3 below that of similar businesses located in the same geographic
4 area shall not be given priority under the program.

5 (2) The impact of the business's proposed project on
6 businesses that are in competition with the business.
7 The authority shall make a good-faith effort to identify
8 existing Iowa businesses in competition with the business
9 being considered for the program. The authority shall make
10 a good-faith effort to determine the probability that any
11 proposed tax incentives will displace employees of the
12 competing businesses. In determining the impact on the
13 competing businesses, created jobs resulting from employees
14 being displaced from the competing businesses shall not be
15 counted as created jobs for the applying business's project.

16 (3) The business's proposed project's economic impact
17 on the state. The authority shall place greater emphasis
18 on businesses and proposed projects that meet the following
19 requirements:

20 (a) The business has a high proportion of in-state
21 suppliers.

22 (b) The proposed project will diversify the state economy.

23 (c) The business has few in-state competitors.

24 (d) The proposed project has the potential to create jobs on
25 an ongoing basis.

26 (e) Any other factors the authority deems relevant in
27 determining the economic impact of a proposed project.

28 **Sec. 5. NEW SECTION. 15.284 Applications — authorization**
29 **of tax credits and exemptions.**

30 1. Applications for the program shall be submitted to the
31 authority in the form and manner prescribed by the authority by
32 rule. Each application must be accompanied by an application
33 fee in an amount determined by the authority by rule.

34 2. In determining the eligibility of a business to
35 participate in the program, the authority may engage outside

1 experts to complete a technical, financial, or other review
2 of an application submitted by a business if such review is
3 outside the expertise of the authority.

4 3. a. The authority and the board may negotiate with an
5 eligible business regarding the terms of, and the aggregate
6 value of, the tax incentives the eligible business may receive
7 under the program.

8 b. The board may authorize any combination of tax incentives
9 available under the program for an eligible business.

10 4. The board may authorize an exemption to restrictions on
11 agricultural land holdings pursuant to section 9I.3, subsection
12 3, paragraph "f".

13 Sec. 6. NEW SECTION. 15.285 **Agreement.**

14 1. An eligible business that is approved by the authority to
15 participate in the program shall enter into an agreement with
16 the authority that specifies the criteria for the successful
17 completion of all requirements of the program. The agreement
18 must contain, at a minimum, provisions related to all of the
19 following:

20 a. The eligible business must certify to the authority
21 annually that the business is in compliance with the agreement.

22 b. If the eligible business fails to comply with any
23 requirements of the program or the agreement, the eligible
24 business may be required to repay any tax incentives the
25 authority issued to the eligible business. A required
26 repayment of a tax incentive shall be considered a tax payment
27 due and payable to the department of revenue by any taxpayer
28 that claimed the tax incentive, and the failure to make the
29 repayment may be treated by the department of revenue in the
30 same manner as a failure to pay the tax shown due, or required
31 to be shown due, with the filing of a return or deposit form.

32 c. If the eligible business undergoes a layoff or
33 permanently closes any of its facilities within the state, the
34 eligible business may be subject to all of the following:

35 (1) A reduction or elimination of some or all of the tax

1 incentives the authority issued to the eligible business.

2 (2) Repayment of any tax incentives that the business
3 has claimed, and payment of any penalties assessed by the
4 department of revenue.

5 d. The project completion date, the maintenance period
6 completion date, the required number of created jobs, and any
7 other terms and obligations the authority deems necessary.

8 e. The eligible business shall only employ individuals
9 legally authorized to work in this state. If the eligible
10 business is found to knowingly employ individuals who are
11 not legally authorized to work in this state, in addition
12 to any penalties provided by law, all or a portion of any
13 tax incentives issued by the authority shall be subject to
14 recapture by the authority or the department of revenue.

15 f. Any terms deemed necessary by the authority to effect the
16 eligible business's ongoing compliance with section 15.283.

17 2. The business shall satisfy all applicable terms of
18 the agreement by the project completion date; however, the
19 board may for good cause extend the project completion date or
20 otherwise amend the terms of the agreement.

21 3. The eligible business shall not assign the agreement
22 to another entity without the advance written approval of the
23 board.

24 4. The authority may enforce the terms of the agreement as
25 necessary and appropriate.

26 Sec. 7. NEW SECTION. 15.286 Sales and use tax refund.

27 1. An eligible business that has been issued a tax incentive
28 certificate under the program shall be entitled to a refund
29 of the sales and use taxes paid under chapter 423 for gas,
30 electricity, water, and sewer utility services, tangible
31 personal property, or on services rendered, furnished, or
32 performed to or for a contractor or subcontractor and used
33 in the fulfillment of the contract for the construction or
34 equipping of a facility that is part of the eligible business's
35 project. Taxes attributable to intangible property and

1 furniture and furnishings shall not be refunded.

2 2. To receive the sales and use tax refund, the eligible
3 business shall file a claim with the department of revenue as
4 follows:

5 a. The contractor or subcontractor shall state under oath,
6 on forms provided by the department of revenue, the amount of
7 the sales of tangible personal property or services rendered,
8 furnished, or performed including water, sewer, gas, and
9 electric utility services upon which sales or use tax has been
10 paid prior to contract completion, and shall submit the forms
11 to the eligible business before contract completion.

12 b. The eligible business shall inform the department of
13 revenue in writing of contract completion. The eligible
14 business shall, after contract completion, submit an
15 application to the department of revenue for a refund of the
16 amount of the sales and use taxes paid pursuant to chapter 423
17 upon any tangible personal property, or services rendered,
18 furnished, or performed, including water, sewer, gas, and
19 electric utility services. The application shall be submitted
20 in the form and manner prescribed by the department of revenue.
21 The department of revenue shall audit the application and,
22 if approved, issue a warrant to the eligible business in the
23 amount of the sales or use tax which has been paid to the
24 state of Iowa under subsection 1. The eligible business's
25 application must be submitted to the department of revenue
26 within one year after the project completion date. An
27 application filed by the eligible business in accordance with
28 this section shall not be denied by reason of a limitation set
29 forth in chapter 421 or 423.

30 c. The refund shall be remitted by the department of revenue
31 to the eligible business equally over not fewer than three tax
32 years, and not more than five tax years, as elected by the
33 eligible business in its application under paragraph "b".

34 3. A contractor or subcontractor that willfully makes a
35 false report of tax paid under this section is guilty of an

1 aggravated misdemeanor, and shall be liable for payment of the
2 tax and any applicable penalty and interest.

3 Sec. 8. NEW SECTION. **15.286A Qualifying investment tax**
4 **credit.**

5 1. The authority may authorize a tax credit for an
6 eligible business that is up to five percent of the eligible
7 business's qualifying investment in a certified site. The
8 eligible business shall not claim the tax credit until the
9 eligible business's project has been placed in service,
10 and at least fifty percent of the created jobs the eligible
11 business agreed to in the agreement under section 15.285 have
12 been created. The department of revenue shall remit the tax
13 credit to the eligible business equally over five tax years.
14 The tax credit shall be allowed against taxes imposed under
15 chapter 422, subchapter II, III, or V, and against the moneys
16 and credits tax imposed in section 533.329. If the eligible
17 business is a partnership, S corporation, limited liability
18 company, cooperative organized under chapter 501 and filing
19 as a partnership for federal tax purposes, or estate or trust
20 electing to have the income taxed directly to the individual,
21 an individual may claim the tax credit allowed. The amount
22 claimed by the individual shall be based upon the pro rata
23 share of the individual's earnings of the partnership, S
24 corporation, limited liability company, cooperative organized
25 under chapter 501 and filing as a partnership for federal tax
26 purposes, or estate or trust. Any tax credit in excess of
27 the eligible business's tax liability for the tax year may be
28 refunded or, at the eligible business's election, credited to
29 the eligible business's tax liability in any of the following
30 five consecutive tax years or until depleted, whichever occurs
31 first. A tax credit shall not be carried back to a tax year
32 prior to the tax year in which the tax credit is first claimed
33 by the eligible business.

34 2. If within five years of the date the authority issues
35 an eligible business a tax credit under subsection 1, the

1 eligible business sells, disposes of, razes, or otherwise
2 renders unusable all or a part of the land, buildings, or
3 other structures for which the tax credit was claimed under
4 this section, the tax liability of the eligible business for
5 the year in which all or part of the land, buildings, or other
6 existing structures are sold, disposed of, razed, or otherwise
7 rendered unusable shall be increased by one of the following
8 amounts:

9 *a.* One hundred percent of the tax credit claimed under
10 this section if all or a part of the land, buildings, or other
11 structures for which the tax credit was claimed under this
12 section cease to be eligible for the tax credit within one
13 year after the date the authority issued the tax credit to the
14 eligible business.

15 *b.* Eighty percent of the tax credit claimed under this
16 section if all or a part of the land, buildings, or other
17 structures for which the tax credit was claimed under this
18 section cease to be eligible for the tax credit within two
19 years after the date the authority issued the tax credit to the
20 eligible business.

21 *c.* Sixty percent of the tax credit claimed under this
22 section if all or a part of the land, buildings, or other
23 structures for which the tax credit was claimed under this
24 section cease to be eligible for the tax credit within three
25 years after the date the authority issued the tax credit to the
26 eligible business.

27 *d.* Forty percent of the tax credit claimed under this
28 section if all or a part of the land, buildings, or other
29 structures for which the tax credit was claimed under this
30 section cease to be eligible for the tax credit within four
31 years after the date the authority issued the tax credit to the
32 eligible business.

33 *e.* Twenty percent of the tax credit claimed under this
34 section if all or a part of the land, buildings, or other
35 structures for which the tax credit was claimed under this

1 section cease to be eligible for the tax credit within five
2 years after the date the authority issued the tax credit to the
3 eligible business.

4 Sec. 9. NEW SECTION. **15.286B Withholding tax credit.**

5 1. From the remittance due to the department of revenue
6 pursuant to section 422.16, subsection 2, an eligible business
7 may withhold an amount not to exceed three percent of the gross
8 wages paid to each employee in a created job that pays at least
9 the qualifying wage threshold pursuant to the agreement under
10 section 15.285.

11 2. If the amount withheld under subsection 1 is less than
12 three percent of the gross wages paid to each employee in a
13 created job, the eligible business shall receive a credit
14 against the remaining withholding taxes due from the eligible
15 business, or the eligible business may carry the credit forward
16 up to five consecutive tax years or until depleted, whichever
17 is earlier.

18 3. In any tax year, the aggregate amount of withholding tax
19 credit under this section and under any other program for which
20 an eligible business is receiving a withholding tax credit
21 shall not exceed the amount the eligible business is required
22 to deduct and remit to the department of revenue under section
23 422.16, subsection 2, for that tax year.

24 Sec. 10. NEW SECTION. **15.287 Foreign businesses —**
25 **acquisition of agricultural land.**

26 1. If a foreign business's proposed project is located on a
27 mega site that includes agricultural land, the requirements of
28 section 9I.3, subsection 3, paragraph "f", must be satisfied in
29 order for the foreign business to be eligible for the program.

30 2. *a.* A foreign business under subsection 1 that is
31 approved by the authority to participate in the program shall
32 enter into an agreement with the authority pursuant to section
33 15.285. The agreement shall include a provision that requires
34 the foreign business to comply with chapter 9I, and specifies
35 that failure to do so may result in revocation of all tax

1 incentives issued by the authority to the foreign business.

2 **b.** The authority may grant the foreign business one or
3 more one-year extensions in which the foreign business must
4 comply with section 9I.4. The authority shall not grant
5 more than five one-year extensions. The community in which
6 the agricultural land is located must approve each one-year
7 extension by ordinance or resolution prior to the authority
8 granting each extension. The foreign business shall comply
9 with the remaining provisions of chapter 9I to the extent the
10 provisions do not conflict with this section.

11 Sec. 11. NEW SECTION. **15.288 Other incentives.**

12 1. Except for the high quality jobs program administered
13 by the authority pursuant to sections 15.326 through 15.336,
14 and the targeted jobs withholding credit pursuant to section
15 403.19A, an eligible business may apply for and be eligible to
16 receive other federal, state, and local incentives in addition
17 to the tax incentives issued by the authority to the eligible
18 business under the program.

19 2. The authority, in its discretion, may prohibit an
20 eligible business that has been issued tax incentives under
21 the program from receiving any additional tax incentive, tax
22 credit, grant, loan, or other financial assistance under any
23 program administered by the authority.

24 Sec. 12. NEW SECTION. **15.289 Property tax exemption.**

25 1. A community in which an eligible business's project
26 is located may grant the eligible business a property tax
27 exemption for all of, or a portion of, the actual value added
28 by improvements to real property directly related to the
29 eligible business's created jobs. The community may allow a
30 property tax exemption for a period not to exceed twenty years
31 beginning the year that the improvements to real property are
32 first assessed for taxation.

33 2. For purposes of this section, "*improvements*" means new
34 construction, and rehabilitation of and additions to existing
35 structures.

1 and have the potential to create jobs on an ongoing basis.

2 Applications for the program shall be submitted in the
3 form and manner prescribed by the authority by rule and be
4 accompanied by an application fee in an amount determined by
5 the authority by rule. In determining a business's eligibility
6 for the program, the authority may engage outside experts
7 to complete a technical, financial, or other review of an
8 application if such review is outside the expertise of the
9 authority. The authority and the authority's board (board)
10 may negotiate with an eligible business regarding the terms
11 of, and the aggregate value of, the incentives the eligible
12 business may receive under the program. The board may
13 authorize any combination of incentives available under the
14 program for an eligible business. The board may authorize an
15 exemption to restrictions on agricultural land holdings for a
16 foreign business that qualifies for the program pursuant to
17 the requirements detailed in the bill. "Foreign business" is
18 defined in the bill.

19 The bill requires an eligible business that is approved to
20 participate in the program to enter into an agreement with
21 the authority that specifies the criteria for the successful
22 completion of all requirements of the program. The agreement
23 shall contain, at a minimum, the provisions as detailed in
24 the bill. The business shall satisfy all applicable terms
25 of the agreement by the project completion date; however,
26 the board may for good cause extend the project completion
27 date or otherwise amend the terms of the agreement. "Project
28 completion date" is defined in the bill. The bill permits the
29 authority to enforce the terms of the agreement as necessary
30 and appropriate.

31 An eligible business that has been issued a certificate
32 under the program shall be entitled to a refund of the sales
33 and use taxes (refund) paid under Code chapter 423 for gas,
34 electricity, water, and sewer utility services, tangible
35 personal property, or on services rendered, furnished, or

1 performed to or for a contractor or subcontractor and used in
2 the fulfillment of the contract relating to the construction or
3 equipping of a facility that is part of the eligible business's
4 project. Taxes attributable to intangible property and
5 furniture and furnishings shall not be refunded. The procedure
6 for the business to receive the refund is detailed in the bill.
7 The refund shall be remitted by the department to the eligible
8 business equally over not fewer than three tax years, and not
9 more than five tax years, as elected by the business in its
10 application to the department. A contractor or subcontractor
11 that willfully makes a false report of tax paid is guilty of
12 an aggravated misdemeanor, and shall be liable for payment of
13 the tax and any applicable penalty and interest. An aggravated
14 misdemeanor is punishable by confinement for no more than two
15 years and a fine of at least \$855 but not more than \$8,540.

16 The authority may authorize a tax credit for an eligible
17 business that is up to 5 percent of the business's qualifying
18 investment in a certified site. The eligible business shall
19 not claim the tax credit until the eligible business's project
20 has been placed in service, and at least 50 percent of the
21 created jobs the eligible business agreed to in the agreement
22 the business entered into with the authority have been created.
23 The department shall remit the tax credit to the eligible
24 business equally over five tax years. The tax credit shall
25 be allowed against taxes imposed under Code chapter 422,
26 subchapter II, III, or V, and against the moneys and credits
27 tax imposed in Code section 533.329. Any tax credit in excess
28 of the eligible business's tax liability for the tax year
29 may be refunded or, at the eligible business's election,
30 credited to the eligible business's tax liability in each of
31 the following five consecutive tax years or until depleted,
32 whichever occurs first. A tax credit shall not be carried back
33 to a tax year prior to the tax year in which the tax credit
34 is first claimed by the eligible business. If within five
35 years of the date the authority issues an eligible business a

1 qualifying investment tax credit the eligible business sells,
2 disposes of, razes, or otherwise renders unusable all or a part
3 of the land, buildings, or other structures for which the tax
4 credit was claimed, the tax liability of the eligible business
5 for the year in which all or part of the land, buildings, or
6 other existing structures are sold, disposed of, razed, or
7 otherwise rendered unusable shall be increased by an amount as
8 detailed in the bill.

9 From the remittance due to the department of revenue
10 pursuant to Code section 422.16(2), an eligible business may
11 withhold an amount not to exceed 3 percent of the gross wages
12 paid to each employee in a created job that pays at least
13 the qualifying wage threshold specified in the agreement the
14 business entered into with the authority. "Created job" and
15 "qualifying wage threshold" are defined in the bill. If the
16 amount withheld is less than 3 percent of the gross wages
17 paid to each employee in a created job, the eligible business
18 shall receive a credit against the remaining withholding
19 taxes due from the business, or the business may carry the
20 credit forward up to five consecutive tax years or until
21 depleted, whichever is earlier. In any tax year, the aggregate
22 amount of withholding tax credit under this program, and any
23 other program for which an eligible business is receiving
24 a withholding tax credit, shall not exceed the amount the
25 eligible business is required to deduct and remit to the
26 department of revenue under Code section 422.16(2) for that tax
27 year.

28 If a foreign business's proposed project is located on a
29 mega site that includes agricultural land, the requirements as
30 detailed in the bill must be satisfied for the foreign business
31 to be eligible for the program. "Mega site" is defined in the
32 bill as a certified site greater than 1,000 acres. A foreign
33 business that is approved by the authority to participate in
34 the program shall enter into an agreement with the authority
35 that includes a provision that requires the foreign business

1 to comply with Code chapter 9I, and specifies that failure to
2 do so may result in revocation of incentives issued by the
3 authority to the foreign business. The authority may grant the
4 foreign business one or more one-year extensions in which the
5 foreign business must come into compliance with Code section
6 9I.4. The authority shall not grant a business more than five
7 one-year extensions. The community in which the agricultural
8 land is located must approve each extension by ordinance or
9 resolution prior to the authority granting each extension.

10 Except for the high quality jobs program, and the targeted
11 jobs withholding credit, an eligible business may apply
12 for and be eligible to receive other federal, state, and
13 local incentives in addition to the incentives the authority
14 issues to the business under the program. The authority, in
15 its discretion, may prohibit an eligible business that has
16 been issued incentives under the program from receiving any
17 additional tax incentive, tax credit, grant, loan, or other
18 financial assistance under any program administered by the
19 authority.

20 The bill allows a community in which an eligible business's
21 project is located to grant the eligible business a property
22 tax exemption (exemption) for all of, or a portion of, the
23 actual value added by improvements to real property directly
24 related to the eligible business's created jobs. The community
25 may allow an exemption for a period not to exceed 20 years
26 beginning the year that the improvements are first assessed
27 for taxation. "Improvements" is defined as new construction,
28 and rehabilitation of and additions to existing structures.
29 An exemption granted by a community shall apply to all taxing
30 districts, except for school districts, in which the real
31 property is located.